FEDERAL ELECTION COMMISSION

WASHINGTON. D.C. 20463

Dennis M. Charles, Treasurer

MAR - 3 1999

Indiana Democratic Congressional Victory Committee
One N Capitol Avenue Suite 200
Indianapolis, IN 46204

Identification Number: C00108613

Reference: Amended Year End Report (7/1/97-12/31/97), dated 6/4/98 and April
Quarterly (1/1/98-3/31/98)

Dear Mr. Charles:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Itemized disbursements must include a brief statement or description of why the disbursements were made. Please amend Schedule H4 of your report to clarify the following description(s): Holiday97, Idea97, JJ97, IDP OPEN 97 and CirClub97. For further guidance regarding acceptable purposes of disbursements, please refer to 11 CFR §104.3(b)(3).

-Please be advised that if your report contains any disbursements for fundraising events or programs that have been incorrectly disclosed you should amend your report to adhere to the following reporting requirements.

1. A committee which allocates the costs of fundraising events between its federal and non-federal accounts is required to allocate the costs directly associated with a fundraising program or event according to the "funds received" method. The fundraising ratio shall be estimated prior to each fundraising event based on the committee's reasonable prediction of its federal and nonfederal revenue from that event. The estimated percentage of federal funds received to nonfederal funds received for a fundraising event must be disclosed on a Schedule H2 with a unique identifier code and included with each report disclosing a disbursement for that event or program.

2. Any transfer received from your nonfederal account for the nonfederal account's share of fundraising expenses must be disclosed on a <u>Schedule H3</u> identifying the date of receipt, amount, fundraising event and unique identifier code.

3. All disbursements for fundraising expenses which have been allocated between the federal and nonfederal accounts must be categorized as fundraising disbursements on <u>Schedule H4</u>. The date of disbursement, purpose of disbursement, unique identifier code, event year-to-date total and both the federal and nonfederal shares of the disbursement must also be provided.

4. <u>The committee has up to 60 days after the ending date of the event to adjust the estimated allocation ratio based on the actual funds received</u>.

    a. The committee must report the adjusted ratio for the fundraising event on <u>Schedule H2</u> and date of the fundraising event.

    b. <u>If the adjusted ratio increases the federal portion of the fundraising ratio the</u> federal account must make a transfer to the nonfederal account for any nonfederal over-payment of fundraising expenses on <u>Schedule H4.</u>

If your report contains any disbursements for fundraising events or programs that have been incorrectly disclosed please amend your report to disclose the allocation ratio and unique identifier code for all fundraising events or programs on Schedule H2. Also, please disclose any nonfederal transfers for fundraising events on Schedule H3 including identification of the fundraising event, unique identifier code and date of receipt. Please categorize as "fundraising" any disbursements associated with fundraising events on Schedule H4 and include the purpose of disbursement, unique identifier code, date of disbursement and the federal and nonfederal share of each disbursement. Please see the attached instructions illustrating the proper reporting method for allocating federal and nonfederal expenditures for fundraising events.

A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 694-1130.

Sincerely,

Andrew J. Dodson
Senior Reports Analyst
Reports Analysis Division

6. Allocating Committee Fundraising Expenses

Example

The Loyalist State Party Committee raises money for its federal and nonfederal accounts at a banquet called "King's Ransom" (the unique identifier). People buying tickets must designate their checks as either federal contributions (subject to the limits and prohibitions of the *Act*) or nonfederal contributions (subject to applicable state law). People wishing to contribute to both accounts must write separate checks to each account. The Loyalist State Party Committee spends $7,000 on "King's Ransom."

Required Forms

- Schedule H2—Allocation Ratios
- Schedule H3—Transfers from Nonfederal Account
- Schedule H4—Payments for Allocable Expenses

Estimated Fundraising Ratio (H2)

A committee raising money for both its federal and nonfederal accounts through the same fundraising activity allocates the costs directly associated with the program or event according to the "funds received" method (ratio of federal funds received to total funds received). In the first reporting period in which money is spent on "King's Ransom," the Loyalist State Party Committee estimates the ratio on Schedule H2, as shown in the illustration.

The committee must continue to file Schedule H2 with each report disclosing a disbursement for "King's Ransom."

ESTIMATED FUNDRAISING RATIO (H2)

Schedule H2 shows the allocation ratios for categories of expenses other than the administrative/generic voter drive category. The unique identifier must be entered ("King's Ransom") as well as the appropriate expense category ("Fundraising"). The "New" box is checked to show that the ratio is disclosed for the first time. The 50/50 ratio is an estimate; it will have to be adjusted within 60 days after the fundraiser to reflect the actual ratio

Nonfederal Transfer (H3)

Using Schedule H3, the Loyalist State Party Committee reports the transfer received from the nonfederal account to pay the nonfederal portion of "Kings Ransom" ($3,500). The unique identifier is again noted.

(The total amount of transfers itemized on Schedule H3 is entered on Line 18 of the Detailed Summary Page.)

TRANSFER FROM NONFEDERAL ACCOUNT (H3)

RECEIPT SCHEDULE H3 (effective 11/93)	TRANSFERS FROM NON-FEDERAL ACCOUNTS				PAGE 1 OF 1 FOR LINE 18
NAME OF COMMITTEE Loyalist State Party Committee					**TOTAL AMOUNT TRANSFERRED**
NAME OF ACCOUNT Nonfederal Account			**DATE OF RECEIPT** 8/31/98		$3,500.00

		BREAKDOWN OF TRANSFER RECEIVED			
		ADMIN./VOTER DRIVE AMOUNT	DIRECT FUND-RAISING AMOUNT	EXEMPT ACTIVITY/DIRECT CANDIDATE SUPPORT	
1)	Total Administrative/Voter Drive				
2)	Direct Fundraising (List Event Amount for Each)				
	a) King's Ransom		$3,500.00		
	b)				
	c)				
	d)				

The nonfederal share of "King's Ransom" payments must be transferred within the 70-day window.

Payments (H4)

The committee discloses the federal and nonfederal shares of "King's Ransom" payments on Schedule H4, again using the unique identifier.

(The federal and nonfederal payments totals that appear on Schedule H4 are entered on Lines 21a(i) and (ii) of the Detailed Summary Page.)

ALLOCATED PAYMENTS (H4)

DISBURSEMENT SCHEDULE H4 (effective 11/93)	JOINT FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE				PAGE 1 OF 1 FOR LINE 21c

NAME OF COMMITTEE
Loyalist State Party Committee

A. FULL NAME, MAILING ADDRESS & ZIP CODE	PURPOSE/EVENT	DATE	TOTAL AMOUNT	FEDERAL SHARE	NON-FEDERAL SHARE
Hotel Royale 3336 His Majesty's Way City, State ZIP	ballroom/ catering: King's Ransom	8/10/98	$6,000.00	$3,000.00	$3,000.00
CATEGORY: _____ ADMINISTRATIVE/VOTER DRIVE X FUNDRAISING _____ EXEMPT DIRECT CANDIDATE SUPPORT EVENT YEAR-TO-DATE $6,000.00					
B. FULL NAME, MAILING ADDRESS & ZIP CODE	PURPOSE/EVENT	DATE	TOTAL AMOUNT	FEDERAL SHARE	NON-FEDERAL SHARE
A-List Invites 1000 Elite Circle City, State ZIP	Invitations: King's Ransom	8/15/98	$1,000.00	$500.00	$500.00
CATEGORY: _____ ADMINISTRATIVE/VOTER DRIVE X FUNDRAISING _____ EXEMPT DIRECT CANDIDATE SUPPORT EVENT YEAR-TO-DATE $7,000.00					

Payments for "King's Ransom" are allocated according to the estimated ratio: 50 percent federal, 50 percent nonfederal.

ADJUSTED RATIO: FEDERAL PERCENTAGE INCREASED (H2)

SCHEDULE H2 (effective 11/01)	ALLOCATION RATIOS		PAGE 1	OF 1

NAME OF COMMITTEE
Loyalist State Party Committee

ALLOCATION RATIOS FOR INDIVIDUAL FUNDRAISING EVENTS, EXEMPT ACTIVITIES, AND SHARED DIRECT CANDIDATE SUPPORT APPEARING ON THIS REPORT.

Methods of allocation:

I.   FUNDRAISING activities are allocated using the "funds received method" where the federal proportion of expenses must equal the federal proportion of monies raised.

NAME OF ACTIVITY OR EVENT:	FEDERAL %	NON-FEDERAL %
King's Ransom (event date 8/31/96)	60%	40%

ACTIVITY: ___X FUNDRAISING ___ ☐ EXEMPT ___☐ DIRECT CANDIDATE SUPPORT
CHECK IF THE RATIO IS ___ NEW ___X REVISED ___ SAME AS PREVIOUSLY REPORTED

The "Revised" box is checked because the original ratio (50/50) had to be adjusted. The adjustment increases the federal portion by 10 percent. The federal account must therefore make a transfer to the nonfederal account to reimburse the 10 percent overpaid by the nonfederal account.

Adjusted Ratio (H2)

Within 60 days after the last day of the program or event, the committee needs to adjust the allocation ratio to reflect the actual ratio of federal receipts to total receipts. The committee reports the adjusted ratio on Schedule H2. Note that the committee must disclose the date of a fundraising program or event when reporting an adjustment to the ratio.

(Further ratio adjustments will be necessary if additional receipts come in.)

FEDERAL TRANSFER (H4)

DISBURSEMENT SCHEDULE H4 (effective 11/01)	JOINT FEDERAL/NON-FEDERAL ACTIVITY SCHEDULE			PAGE 1	OF 1	
				FOR LINE 21a		

NAME OF COMMITTEE
Loyalist State Party Committee

# FULL NAME, MAILING ADDRESS & ZIP CODE	PURPOSE/EVENT	DATE	TOTAL AMOUNT	FEDERAL SHARE	NON-FEDERAL SHARE
State Party Committee Nonfederal Account 444 Democracy Blvd. City, State ZIP	King's Ransom ratio adjustment (event date 8/31/96)	8/31/96	$700.00	$700.00	0
CATEGORY: ___ ADMINISTRATIVE/VOTER DRIVE ___1	X FUNDRAISING ☐ EXEMPT ☐ DIRECT CANDIDATE SUPPORT				
EVENT YEAR-TO-DATE ___1					

The adjusted ratio requires the federal account to transfer to the nonfederal account 10 percent (or $700) of "King's Ransom" payments (which totaled $7,000). Note that the "Event Year-to-Date" total is left blank when disclosing a federal transfer.

Federal Transfer (H4)

If the adjusted ratio increases the federal portion, the federal (or allocation) account must make a transfer to the nonfederal account for the nonfederal overpayment. Again, the transfer must be made within 60 days after the close of the program or event. The date of the program or event must be noted when reporting a transfer based on an adjusted ratio.